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DIV. OF OIL, GAS & MINING

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December 3, 2014

**VIA E-MAIL AND HAND DELIVERY**

Mr. Paul Baker  
Mineral Program Manager  
Utah Division Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84116

Re: Request for Extension of Time to Amend Large Mine Notice and to Provide  
Additional Surety for Asphalt Ridge 2, M/047/0032, Uintah County, Utah

Dear Paul:

On behalf of Tar Sands Holdings II, LLC ("TSH II"), we respectfully renew our November 21, 2014 request for extension of time until February 28, 2015 to amend the Large Mine Notice of Intent and to provide additional reclamation surety for the Asphalt Ridge 2 Mine Permit, M/047/0032.

On December 1, 2014, the Division extended the deadline for posting additional surety to December 5, 2014 in anticipation of issuing a revised directive. We request that you consider the following additional information in preparing the revised directive.

**I. Additional Surety – M/047/0032**

TSH II has requested an extension of time to post additional surety until after the anticipated sale of all of the membership interests of the Company. By letter dated December 1, 2014, we provided, on a confidential basis, a redacted copy of a letter of intent which sets a closing deadline of January 31, 2015 for acquisition of all of the membership interests of TSH II. The \$302,000 certificate of deposit (CD) currently securing the mine permit reclamation liability will transfer with TSH II's membership interests to the third party purchaser. It is the intent of the parties to close on the acquisition and sale of the TSH II membership interests and then increase the CD by \$382,000 no later than February 28, 2015. In the event that the transaction does not close, TSH II will post the increased surety by February 28, 2015.

**II. Negotiations with Uintah County – Mine Permit M/047/0022**

TSH II has also requested an extension until February 28, 2015 to complete its negotiations with Uintah County regarding the transfer to TSH II of the County's mine permit and remaining reclamation liability. Under the terms proposed during the Division's recent mine

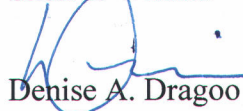
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site visit, Uintah County offered TSH II a \$25,000 credit towards the County's reclamation liability. The balance of the liability was proposed to be divided by TSH II and Uintah County. The County's portion may be paid through its purchase, from TSH II, of oil sands located in stockpiles at the mine site. The stockpiles have been sampled and analyzed for the quality of the product and the results, which revealed higher than expected oil concentrations, were received by TSH II on December 1, 2014. Uintah County and TSH II plan to discuss the terms of the proposed agreement on Thursday, December 4, 2014. To accommodate the County's budgeting process, the parties intend to close the agreement by December 31, 2014. Following negotiation of the agreement, the parties will meet with the Division to address the permit transfer and to review the new reclamation bond estimates for the Uintah County mine permit. In addition, the parties will discuss with the Division a partial bond release for those areas which have been previously reclaimed. The adjusted bond would be posted by TSH II by February 28, 2015.

We appreciate your consideration in this matter.

Very truly yours,

Snell & Wilmer



Denise A. Drago

DAD/mkm  
Enclosure

cc: Steve Alder, Esq.